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Item No. 7 on the Agenda: Adjustments to the Budget for the 2024 financial year

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>Explanation of the adjustments proposed by the Secretariat to the 2024 Budget</i>
<i>Action to be taken</i>	<i>To take note of the expected level of receipt and expenditure for the year 2024 and approve the adjustments</i>
<i>Related documents</i>	<i>Draft Budget 2024 – First estimates (UNIDROIT 2023 - F.C. (95) 4); Draft Budget 2024 – Governing Council (UNIDROIT 2023 - C.D. (102) 24); Draft Budget 2024 – Finance Committee (UNIDROIT 2023 - F.C. (96) 6); Budget 2024 – General Assembly (UNIDROIT 2023 - A.G. (82) 9); UNIDROIT 2024 – F.C. (98) 2 and Accounts 2023; Adjustments to Budget 2024 (UNIDROIT 2024 - F.C. (98) 3)</i>

INTRODUCTION

1. The first estimates of receipts and expenditure for the 2024 financial year prepared by the Secretariat ([F.C. \(95\) 4](#)) were examined by the Finance Committee at its 95th session (March 2023), in accordance with Article 26 of the Regulations. Those first estimates were then submitted to the Governing Council, which, at its 102nd session (May 2023), established the draft Budget for 2024, as set forth in the Appendix to that document ([C.D. \(102\) 24](#)), taking into account the opinion expressed by the Finance Committee.

2. In line with the Institute's practice, the draft Budget was subsequently submitted to the Governments of UNIDROIT Member States, inviting them to share any observations that they wished to make. The resulting document was presented to the Finance Committee at its 96th session (October 2023) ([F.C. \(96\) 6](#)), which requested a positive opinion to be transmitted to the General Assembly on the draft Budget. At its 82nd session (December 2023), the General Assembly approved the Budget for the 2024 financial year ([A.G. \(82\) 9](#)).

3. Every year it is customary for the Secretariat to submit, first to the Finance Committee and then to the General Assembly, a document indicating any adjustments that may need to be made to

the Budget for that financial year. Such indications are to be based on the Accounts available for the previous financial year, the partial accounts available for the current financial year and any other modifications due to exceptional circumstances.

4. The Secretariat considers that it is necessary to introduce a few refinements to the Budget for the 2024 financial year, as indicated in the notes to the revised budget contained in the Appendix to this document. The Secretariat deems it prudent to anticipate an increase in expenditure of € 29,128 due to higher costs for salary payments in 2024 (Chapter 2), and higher administrative expenses (Chapter 4) and maintenance costs (Chapter 5) due to the larger number of staff, consultants, and visitors at UNIDROIT. The Secretariat intends to compensate, as much as possible, for any higher expenditure in 2024 with a reduction of expenditure under other chapters, though the Secretariat would encourage Member States to make any outstanding contributions in a timely manner.

5. The Finance Committee, at its 98th session, took note of the proposed adjustments to the Budget for the financial year 2024 ([F.C. \(98\) 3](#)), and recommended that the General Assembly, at its 84th session, approve the adjustments to the Budget for the 2024 financial year.

6. *In light of the foregoing, the General Assembly may wish to take note of the expected level of receipts and expenditure for the 2024 financial year and approve the adjustments to the Budget, as set out in the Appendix below.*

APPENDIX

**ADJUSTMENTS TO THE BUDGET FOR THE 2024
FINANCIAL YEAR**

RECEIPTS (in Euro)

	2024		
	Budget 2024¹	Estimate	Balance
Income			
Chapter 1: Contributions of Member States			
Art. 1 (Member State Contributions)	2,472,742.00	2,501,870.00 ²	29,128.00
Chapter 2: Other Receipts			
Art. 1 (Interest) ³	0.00	0.00	0.00
Art. 2 (Contribution to overhead expenses) ⁴	15,000.00	15,000.00	0.00
Art. 3 (Sale of publications)	45,000.00	45,000.00 ⁵	0.00
Art. 4 (Aviareto)	23,000.00	23,000.00 ⁶	0.00
Total receipts	2,555,742.00	2,584,870.00	29,128.00

EXPLANATORY NOTES TO THE ADJUSTED RECEIPTS

¹ The numbers in this column correspond to those found in the Budget for 2024 approved by the Finance Committee at its 96th session on 12 October 2023 (see [UNIDROIT 2023 – F.C. \(96\) 6](#)), and subsequently approved by the General Assembly at its 82nd session on 14 December 2023 (see [UNIDROIT 2023 – A.G. \(82\) 9](#)).

² The expected amount of contributions of Member States for 2024 corresponds to the UNIDROIT Contributions Chart 2024 adopted by the General Assembly at its 82nd session ([UNIDROIT 2023 – A.G. \(82\) 9](#), Appendix IV), with an assumption that arrears in Member State contributions would be further reduced.

³ The Secretariat considers prudent to continue estimating the interest earned on deposits in checking accounts to be close to zero.

⁴ This sum represents the share of the Office for Italy and San Marino of the International Labour Organization in the operating expenses of the premises of UNIDROIT.

⁵ The Secretariat has based this estimate on the receipts from the sale of publications in 2023 and considering that an increase in sales is anticipated due to (i) the entry into force of the Rail Protocol, and (ii) the publication of the revised 5th edition of the Official Commentary to the Aircraft Protocol (both in 2024).

⁶ UNIDROIT has received in 2024 a payment of USD 25,000 from Aviareto, the International Registry under the Aircraft Protocol to the Cape Town Convention, in accordance with a renewed licencing agreement by which UNIDROIT is to provide an electronic version of the fourth edition of the Aircraft Protocol Official Commentary by Sir Roy Goode to Aviareto to make available to users of the International Registry.

EXPENDITURE (in Euro)

	Budget 2024¹	Adjusted	Balance
Chapter 1 – Meeting costs and official travel²			
Art. 1 (Governing Council and Permanent Committee)	53,000.00	51,000.00	-2,000.00
Art. 2 (Auditor)	5,000.00	5,200.00	200.00
Art. 3 (Administrative Tribunal)			0.00
Art. 4 (Committees of Experts)	170,000.00	130,000.00	-40,000.00
Art. 5 (Official journeys and promotion of activities)	70,000.00	67,000.00	-3,000.00
Art. 6 (Interpreters)	20,000.00	25,000.00	5,000.00
Art. 7 (Representation)	8,000.00	6,500.00	-1,500.00
Total	326,000.00	284,700.00	- 41,300.00
Chapter 2 – Salaries and allowances³			
Art.1 (Salaries of Categories D, P, and GS staff and consultant)	1,367,520.00	1,415,000.00	47,480.00
Art. 2 (Remuneration for occasional collaborators)	15,000.00	10,000.00	-5,000.00
Art. 3 (Tax reimbursement)	0.00	0.00	0.00
Total	1,382,520.00	1,425,000.00	42,480.00
Chapter 3 – Social security charges⁴			
Art. 1 (Insurance against disablement, old age and sickness)	552,972.00	547,000.00	-5,972.00
Art. 2 (Accidents' insurance)	5,000.00	8,800.00	3,800.00
Art. 3 Compensation for retired members of staff	2,250.00	1,870.00	-380.00
Total	560,222.00	557,670.00	-2,552.00
Chapter 4 – Administrative expenses⁵			
Art. 1 (Stationery)	10,000.00	10,000.00	0.00
Art. 2 (Telephone, fax and Internet)	15,000.00	20,000.00	5,000.00
Art. 3 (Postage)	6,000.00	7,500.00	1,500.00
Art. 4 (Miscellaneous)	2,000.00	2,000.00	0.00
Art. 5 (Printing of publications)	10,000.00	9,000.00	-1,000.00
Total	43,000.00	48,500.00	5,500.00
Chapter 5 – Maintenance costs⁶			
Art. 1 (Electricity)	20,000.00	25,000.00	5,000.00
Art. 2 (Heating)	25,000.00	25,000.00	0.00
Art. 3 (Water)	5,000.00	5,000.00	0.00
Art. 4 (Insurance of premises)	12,000.00	11,000.00	-1,000.00
Art. 5 (Office equipment)	23,000.00	35,000.00	12,000.00
Art. 6 (Upkeep of building, local taxes)	30,000.00	35,000.00	5,000.00
Art. 7 (Labour costs)	15,000.00	20,000.00	5,000.00
Total	130,000.00	156,000.00	26,000.00
Chapter 6 – Library⁷			
Art. 1 (Purchase of books)	80,000.00	70,000.00	-10,000.00
Art. 2 (Binding)	4,000.00	3,000.00	-1,000.00
Art. 3 (Software)	30,000.00	40,000.00	10,000.00
Total	114,000.00	113,000.00	-1,000.00
Total expenditure	2,555,742.00	2,584,870.00	29,128.00

EXPLANATORY NOTES TO THE ADJUSTED EXPENDITURE

¹ The numbers in this column correspond to those found in the Budget for 2024 approved by the Finance Committee at its 96th session on 12 October 2023 (see Unidroit 2023 – F.C. (96) 6), and subsequently approved by the General Assembly at its 82nd session on 14 December 2023 (see Unidroit 2023 – A.G. (82) 9).

² In an effort to contain costs, the Secretariat proposes a number of adjustments in expected expenditures under Chapter 1 – Meeting costs and official travel: a decrease of € 2,000 to Art. 1 (Governing Council), a decrease of € 40,000 to Art. 4 (Committees of Experts), a decrease of € 3,000 to Art. 5 (Official journeys of representatives and staff), and a decrease of € 1,500 to Art. 7 (Representation) considering the expenditure under these budget lines during 2024 so far and anticipated meetings and missions in the coming months. The Secretariat proposes an upward adjustment of € 5,000 to Chapter 1, Art. 6 (Interpreters) given the increase in Zoom fees (additional Zoom licenses were needed to facilitate hybrid meetings) and because the costs for simultaneous translation services so far have been higher than expected given that interpreters have returned to in-person presence and require the rental of a translation cabin for meetings in the Map Room.

³ The Secretariat proposes an increase in expected expenditure under Chapter 2, Art. 1 (Salaries of Categories D, P, and GS staff and consultant) of € 47,480 given the arrival of a new secretary and to account for the increase in salaries and dependent child allowance payments in 2024. Based on the expenditure so far, it is proposed to decrease the costs for the remuneration of occasional collaborators (Chapter 2, Art. 2) with € 5,000.

⁴ While the expenditure under Chapter 3, Art. 1 (Insurance against disablement, old age and sickness) is expected to be slightly lower than anticipated (€ 5,972), the Secretariat anticipates an increase in expenditure of € 3,800 under Chapter 3, Art. 2 (Accidents' insurance) based on the actual expenditure for such insurance in previous years (€ 8,787).

⁵ It is proposed to increase the expected expenditures under Chapter 4, Art. 2 (Telephone, fax and internet) by € 5,000 given that there was a need to increase the Institute's internet capacity to 1,000 megabytes. Furthermore, it is proposed to (i) increase expected expenditure under Chapter 4, Art. 3 (Postage) by € 1,500.00; and (ii) decrease the expected expenditure under Chapter 4, Art. 5 (Printing of publications) by € 1,000, both based on the actual expenditure in 2024 so far.

⁶ The Secretariat proposes the following adjustments in expected expenditures under Chapter 5 – Maintenance costs: an increase of € 5,000 to Art. 1 (Electricity) due to higher electricity bills following the increase in (temporary) staff, and new anti-mould equipment in the Library; a decrease of € 1,000 to Art. 4 (Insurance of premises) based on the actual expenditure this year and previous years; an increase of € 12,000 to Art. 5 (Office equipment) given the extra (temporary) staff that has joined the Secretariat; an increase of € 5,000 to Art. 6 (Upkeep of building); and an increase of € 5,000 to Art. 7 (Labour costs, local taxes).

⁷ The Secretariat proposes to adjust the expected expenditure under Chapter 6, Art. 3 (Software) by € 10,000 to reflect the higher actual expenditure for library software. This increase in costs is expected to be offset by a lower expenditure under Art. 1 (Purchase of books) given a donation obtained through the Unidroit Foundation for the benefit of the Library.